



ENTERED  
07/14/2016

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

In re:	§	
	§	Chapter 11
	§	
WARREN RESOURCES, INC., <i>et al.</i> , <sup>1</sup>	§	Case No. 16-32760 (MI)
	§	
Debtors.	§	(Jointly Administered)

**ORDER (I) AUTHORIZING THE  
RETENTION AND EMPLOYMENT OF JEFFERIES LLC  
AS INVESTMENT BANKER FOR THE DEBTORS AND DEBTORS  
IN POSSESSION PURSUANT TO 11 U.S.C. §§ 327(a) AND 328(a),  
NUNC PRO TUNC TO THE PETITION DATE, (II) WAIVING CERTAIN  
TIME-KEEPING REQUIREMENTS, AND (III) GRANTING RELATED RELIEF**

**[This Order Relates to the Application at Docket No. 106]**

Upon the application (the "Application")<sup>2</sup> of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for entry of an order (this "Order"): (a) authorizing the Debtors to retain and employ Jefferies as their investment banker pursuant to sections 327 and 328(a) of title 11 of the United States Code (the "Bankruptcy Code"), rules 2014(a) and 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and rules 2014-1 and 2016-1 of the Bankruptcy Local Rules for the Southern District of Texas (the "Local Bankruptcy Rules"), *nunc pro tunc* to the Petition Date, pursuant to the terms and subject to the conditions of the Engagement Letter; (b) waiving and modifying certain of the time keeping requirements of Bankruptcy Rule 2016(a), the Trustee Guidelines and any other guidelines regarding submission and approval of fee applications; and (c) granting related relief, all as more fully described in the

<sup>1</sup> The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: (i) Warren Resources, Inc. (4080); (ii) Warren E&P, Inc. (4052); (iii) Warren Resources of California, Inc. (0072); (iv) Warren Marcellus, LLC (0150); (v) Warren Energy Services, LLC (4748); and (vi) Warren Management Corp. The Debtors' service address is: 11 Greenway Plaza, Suite 3050, Houston, Texas 77046.

<sup>2</sup> Each capitalized term used but not otherwise defined herein shall have the meaning ascribed to such term in the Application or Engagement Letter, as applicable.

Application; and the Court having jurisdiction over this matter; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and the Court having determined that the notice of the Application and opportunity for a hearing on the Application were appropriate under the circumstances and no other or further notice need be provided; and the Court having determined that the employment of Jefferies is necessary and in the best interest of the estates and their creditors; and the Court being satisfied based on the statements in the Morgner Declaration that Jefferies does not hold or represent any entity having an interest adverse to the interests of the Debtors' estates or of any class of creditors or equity security holders and is a "disinterested person" as that term is defined in section 101(14) of the Bankruptcy Code; and upon all of the proceedings had before this Court, and after due deliberation and good and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Application is granted as set forth herein.
2. The Debtors are authorized to retain and employ Jefferies as their investment banker in these chapter 11 cases, pursuant to the terms and subject to the conditions set forth in the Engagement Letter attached hereto as Exhibit 1, *nunc pro tunc* to the Petition Date.
3. Except to the extent set forth herein, the Engagement Letter, including, without limitation, the Fee and Expense Structure, is approved pursuant to section 328(a) of the Bankruptcy Code, and the Debtors are authorized to pay, reimburse, and indemnify Jefferies in accordance with the terms and conditions of, and at the times specified in, the Engagement Letter, except that the Restructuring Fee which shall be payable to Jefferies upon the consummation of a Restructuring shall be equal to 95 basis points (.95%) of the aggregate principal amount of all indebtedness subject to the Restructuring, less \$750,000.00.

4. Jefferies shall file applications for allowance of compensation and reimbursement of expenses pursuant to and in accordance with the procedures set forth in sections 330 and 331 of the Bankruptcy Code, such Bankruptcy Rules or Local Bankruptcy Rules as may then be applicable, and any other applicable orders and procedures of this Court; *provided, however*, that notwithstanding anything to the contrary in the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, any order of this Court, the Trustee Guidelines, any other guidelines regarding submission and approval of fee applications, and any other applicable orders or procedures of the Court, Jefferies' professionals shall be required only to keep reasonably detailed summary time records in one-half hour increments, which time records shall indicate the total hours incurred by each professional for each day and provide a brief description of the nature of the work performed.

5. The fees and expenses payable to Jefferies pursuant to the Engagement Letter shall be subject to review pursuant to the standards set forth in section 328(a) of the Bankruptcy Code and shall not be subject to the standard of review set forth in section 330 of the Bankruptcy Code, except by the U.S. Trustee, who, for the avoidance of doubt, shall retain all rights to respond or object to Jefferies' interim and final applications on all grounds, including, but not limited to, reasonableness pursuant to section 330 of the Bankruptcy Code.

6. The indemnification, contribution and reimbursement provisions included in Schedule A to the Engagement Letter are approved, subject during the pendency of these chapter 11 cases to the following modifications:

- a. subject to the provisions of subparagraphs (b) and (d) below, the Debtors are authorized to indemnify the Indemnified Persons in accordance with the Engagement Letter for any claim arising from, related to, or in connection with their performance of the services described in the Engagement Letter; *provided, however*, that the Indemnified Persons shall not be indemnified for any claim arising from services other than the

services provided under the Engagement Letter, unless such services and the indemnification, contribution, or reimbursement therefor are approved by this Court;

- b. notwithstanding anything to the contrary in the Engagement Letter, the Debtors shall have no obligation to indemnify any person or provide contribution or reimbursement to any person for any claim or expense that is either (i) judicially determined (the determination having become final) to have arisen primarily from that person's gross negligence or willful misconduct, or (ii) for a contractual dispute in which the Debtors allege breach of Jefferies' obligations under the Engagement Letter unless this Court determines that indemnification, contribution or reimbursement would be permissible pursuant to applicable law or (iii) settled prior to a judicial determination as to sub-clauses (i) or (ii) above, but determined by this Court, after notice and a hearing, to be a claim or expense for which that person should not receive indemnity, contribution, or reimbursement under the terms of the Engagement Letter as modified by this Order;
- c. If, during the pendency of these chapter 11 cases, the indemnification provided in Schedule A to the Engagement Letter is held unenforceable by reason of the exclusions set forth in paragraph (b) above (i.e. gross negligence, willful misconduct, or for a contractual dispute in which the Debtors allege the breach of Jefferies' obligations under the Engagement Letter, unless the Court determines that indemnification would be permissible pursuant to applicable law), and Jefferies makes a claim for the payment of any amounts by the Debtors on account of the Debtors' contribution obligations, then the limitations on Jefferies' contribution obligations set forth in the second and third sentences of the fifth paragraph of Schedule A shall not apply; and
- d. If, before the earlier of (i) the entry of an order confirming a chapter 11 plan in these chapter 11 cases (that order having become a final order no longer subject to appeal) and (ii) the entry of an order closing these chapter 11 cases, Jefferies believes that it is entitled to the payment of any amounts by the Debtors on account of the Debtors' indemnification, contribution or reimbursement obligations under the Engagement Letter (as modified by this Order), including, without limitation, the advancement of defense costs, Jefferies must file an application before this Court and the Debtors may not pay any such amounts before the entry of an order by this Court approving the payment; provided, however, that for the avoidance of doubt, this subparagraph (d) is intended only to specify the period of time under which this Court shall have jurisdiction over any request for fees and expenses for indemnification, contribution, or reimbursement and not a provision limiting the duration of the Debtors' obligation to indemnify Jefferies.

7. To the extent that there may be any inconsistency between the terms of the Application, the Morgner Declaration, the Engagement Letter, and this Order, the terms of this Order shall govern.

8. With respect to the fourth paragraph of Schedule "A" to the Engagement Letter: (a) Jefferies will not unreasonably withhold its consent; and (b) paragraph 4 shall not apply if the Debtor, in good faith, alleges that Jefferies is not entitled to indemnification with respect to the compromised matter.

9. The Debtors are authorized and empowered to take all actions necessary to effectuate the relief granted by this Order.

10. Notwithstanding the possible applicability of Bankruptcy Rules 6004, 7062, 9014 or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

11. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Order. Further, notwithstanding anything in the Engagement Letter, the Court shall retain exclusive jurisdiction during the pendency of these cases to resolve any disputes arising from or related to the Engagement Letter and Jefferies retention pursuant to the Application and this Order.

Dated: July 13, 2016

Houston, Texas

  
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THE HONORABLE MARVIN ISGUR  
UNITED STATES BANKRUPTCY JUDGE